

Hello friends,

On May 14<sup>th</sup> the Governor released the May Revision. To avoid the traffic on the Department of Finance website, you can [click here for the overview](#). The child care information begins on page 30. This plan defers realignment of child care but states that it remains a crucial component of structural reform and will be deferred to the remainder of this legislative session for implementation in 2004-05. The Administration expresses continued concern with growth in Stage 3 and proposes to work with "stakeholders, implementing agencies, and the Legislature to address these problems." Overall, the administration proposes a total of \$384 million in Prop 98 GF cost savings through:

- Limiting subsidized services to children 12 and under.
- Eliminating services to "grandfathered" families.
- Regional Market Rate regulations to: (1) lower rate limits for providers who don't care for non-subsidized children; (2) prohibits hourly rate for full-time care; and (3) limits the evening/weekend premium rate to licensed providers.
- Reducing the RMR ceiling to 80% of the regional market.
- Implementing a modified sliding family fee schedule beginning at 40% of SMI and capped at 10% of family income. (Families still on cash aid would pay no fees.)

There are also savings from reduced Stage 3 caseload and State Preschool savings; offsetting teacher retention bonuses with Prop 10 dollars and a reduction (\$3 million) to Resource and Referral programs; \$15 million